

# Public Funds Presentation

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Utah House of Representatives District 74



# Agenda

- 1. PTIF Disclosure Recommendations**
- 2. Intermediate Maturity Fund Proposal**



# PTIF Disclosure Recommendations



# PTIF | Public Treasurers' Investment Fund



UTAH STATE TREASURER  
**MARLO M. OAKS**

ABOUT ▾

FOR UTAHNS ▾

FOR INVESTORS ▾

🏠 > FOR GOVERNMENT > PUBLIC TREASURER'S INVESTMENT FUND (PTIF)

## Public Treasurer's Investment Fund (PTIF)

The PTIF is available to state and local government entities as a short-term cash investment vehicle. The PTIF invests primarily in investment-grade corporate notes, top tier commercial paper, and money market mutual funds. The PTIF invests only in securities authorized in the [Utah Money Management Act](#). The cost to participants of investing in the PTIF is approximately ½ of 1 basis point. The PTIF has approximately \$29 billion in assets.



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# PTIF | Public Treasurers' Investment Fund

- 1. Very low-cost investment option for political subdivisions (1/2 of 1 basis point--.005%).**
- 2. Very attractive rates. Doing an excellent job.**
- 3. Currently managing \$29 billion in public money. In 2016 it was \$10 billion.**
- 4. Cities, Counties, Water Districts, School Districts, Universities.**
- 5. Complies with the Utah Money Management Act.**





# PTIF Rates

## PTIF Rates

YEAR	MONTH	360 DAY	365 DAY
2023	APR	4.93772852	5.00630809
2023	MAR	4.73499233	4.80075611
2023	FEB	4.60018241	4.66407384
2023	JAN	4.21846278	4.27705254
2022	DEC	3.80054822	3.85333361
2022	NOV	3.32264900	3.36879691
2022	OCT	2.82221903	2.86141652
2022	SEP	2.44491845	2.47887565
2022	AUG	2.18274988	2.21306585
2022	JUL	1.62004094	1.64254151
2022	JUN	1.10901068	1.12441360
2022	MAY	0.79217214	0.80317453
2022	APR	0.61391746	0.62244409
2022	MAR	0.52096926	0.52820494
2022	FEB	0.46766233	0.47415764
2022	JAN	0.38475518	0.39009900



# WHY ARE POLITICAL SUBDIVISIONS HOLDING \$19 BILLION MORE THAN IN 2016?



**THIS IS NOT A QUESTION ABOUT  
THE PERFORMANCE OF THE  
PTIF.**

**SIMPLY, WHICH AND WHY ARE  
POLITICAL SUBDIVISIONS  
ACCUMULATING CASH?**





# RECOMMENDATION:

**Each fall, provide a report to the legislature the balances held in the PTIF by political subdivisions as of the end of the fiscal year, June 30.**



# WHY?

**Allow the Legislature to  
better hold political  
subdivisions accountable  
for the state funds that are  
appropriated to them.**



# Intermediate Maturity Fund Recommendations



# Public Treasurer's Investment Fund (PTIF)

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**WHAT IF THE FUNDS BEING HELD  
BY THE POLITICAL SUBDIVISION ARE  
NOT SHORT TERM?**

**EXAMPLES:**

**DEBT SERVICE RESERVE**

**MEDIUM TERM CAPITAL EXPENSE**

**GROWING RESERVE NEEDS**



# **SHORT TERM CASH NEEDS SHOULD BE INVESTED IN SHORT TERM INVESTMENTS.**



# WHAT SHOULD LONGER TERM CASH NEEDS BE INVESTED IN?



# **“Where to hold the money” should be up to the Political Subdivision**

- 1. Most Political Subdivisions invest in the PTIF because they don't want to take risk and they don't have the staff to manage the risk.**
- 2. Some Political Subdivisions with very large amounts of capital successfully hire staff, manage risk, and generate additional return.**





	Carrying Amount	Market Value
Utah Public Treasurer's Investment Fund	\$ 291,583,019	\$ 291,589,924
Governmental Bonds	1,670,000	1,670,000
Total Cash Deposits	11,960,702	11,960,702
Total Cash and Investments	<u>\$ 305,213,721</u>	<u>\$ 305,220,626</u>



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**WITH REPORT OF**

**CERTIFIED PUBLIC ACCOUNTANTS**



<b>Figure B.1</b>	
<b>CASH AND CASH EQUIVALENTS</b>	
Cash	\$ 54,308,513
Money market accounts	60,200,000
Money market mutual funds	6,824,053
Utah Public Treasurers' Investment Fund	58,763,727
Total cash and cash equivalents	\$180,096,293
<b>SHORT-TERM INVESTMENTS</b>	
Commercial paper and corporate notes	\$85,351,252
Municipal bonds	2,170,275
Total short-term investments (fair value)	\$ 87,521,527
<b>Figure C.1</b>	
<b>LONG-TERM INVESTMENTS</b>	
Alternatives	\$ 93,990,885
Closely held stocks	246,850
Commercial paper and corporate notes	153,353,484
Common and preferred stocks	21,409,480
Municipal bonds	17,270,186
Mutual funds - bonds	41,733,769
Mutual funds - equity	141,189,780
Obligations of the U.S. Government and its agencies	245,033,700
Total long-term investments (fair value)	\$714,228,134



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# 2022 ANNUAL FINANCIAL REPORT

UtahStateUniversity®

A COMPONENT UNIT OF THE STATE OF UTAH

Investments by fair value level	Fair Value
Debt securities	
Money market mutual funds	\$ 238,686,628
Utah Public Treasurers' Investment Fund	462,113,038
Commercial paper	1,998,360
Time certificates of deposit	13,963,256
U.S. Treasuries	717,905,415
U.S. Agencies	1,835,636,415
Corporate notes	112,312,727
Exchange traded derivatives	8,999,896
Mutual bond funds	151,625,072
Total debt securities	3,543,240,807
Equity securities	
Common and preferred stocks	45,320,732
Mutual equity funds	588,480,890
Total equity securities	633,801,622
Total investments by fair value level	4,177,042,429
Investments measured at net asset value (NAV)	
Hedged equity	62,886,211
Private equity	92,028,943
Venture capital	122,501,172
Credit sensitive fixed income	90,934,842
Private real estate	9,709,298
Private natural resources	2,405,020
Other real assets	120,667,394
Diversifying strategies	155,542,290
Total investments measured at the NAV	656,675,170
Total investments measured at fair value	\$ 4,833,717,599



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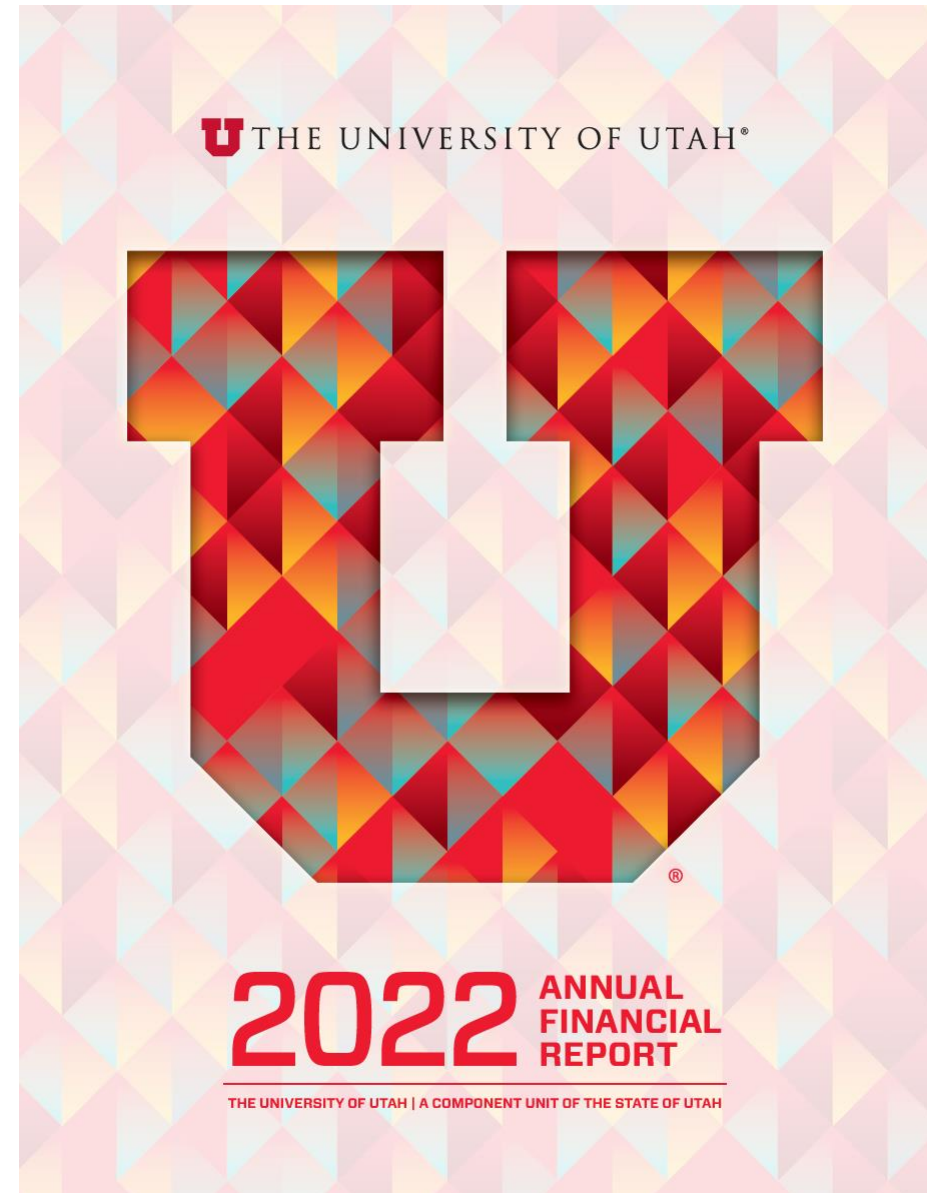
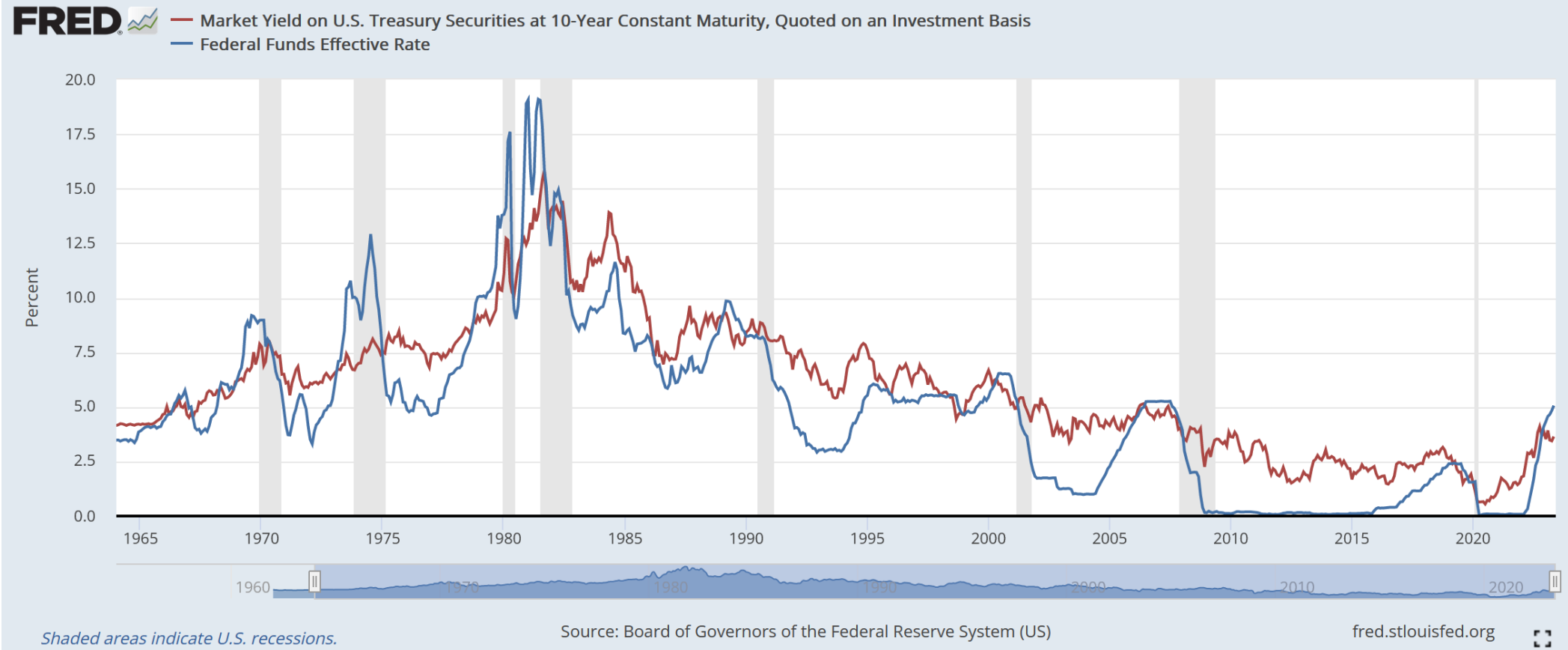


FIGURE 1		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Money Market Funds	\$ 238,686,628	\$ 238,686,628			
Utah Public Treasurers Investment Fund	462,113,038	462,113,038			
Commercial Paper	1,998,360	1,998,360			
Time Certificates of Deposit	13,963,256	249,316	\$ 13,713,940		
U. S. Treasuries	717,905,415	558,242,986	139,726,466	\$ 19,935,963	
U. S. Agencies	1,835,636,415	931,767,077	518,964,493	369,145,577	\$ 15,759,268
Corporate Notes	112,312,727	49,604,485	62,602,026	106,216	
Exchange Traded Derivatives	8,999,896		531,690	891,900	7,576,306
Mutual Bond Funds	151,625,072		48,496,952	103,128,120	
Totals	\$3,543,240,807	\$2,242,661,890	\$ 784,035,567	\$ 493,207,776	\$ 23,335,574

FIGURE 2		Quality Rating					
Investment Type	Fair Value	AAA/A-1*	AA	A	BBB	Unrated	No Risk
Money Market Funds	\$ 238,686,628	\$238,429,804				\$ 256,824	
Utah Public Treasurers Investment Fund	462,113,038					462,113,038	
Commercial Paper	1,998,360	998,450				999,910	
Time Certificates of Deposit	13,963,255		\$ 2,463,363	\$ 4,435,522	\$ 2,294,053	4,770,317	
U. S. Treasuries	717,905,415						\$717,905,415
U. S. Agencies	1,835,636,415	31,142,993	4,568,431			1,799,924,991	
Corporate Notes	112,312,727	6,996,489	9,788,587	89,015,892	4,632,118	1,879,641	
Exchange Traded Derivatives	8,999,896		516,800		4,549,648	3,933,448	
Mutual Bond Funds	151,625,072		48,513,787			103,111,285	
Totals	\$3,543,240,806	\$277,567,736	\$ 65,850,968	\$ 93,451,414	\$ 11,475,819	\$2,376,989,454	\$717,905,415



# ALIGNING INVESTMENT HORIZON WITH CASH NEEDS





# STATEMENT GOES HERE WITH STRONG VOICE

## **10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity**

June 1, 1976 – November 10, 2022

Daily Yield Spread

Average	0.92%
Median	0.87%
Standard Deviation	0.90%



**How do we make the option available  
to a school district or water district  
with \$20 million or \$200 million  
instead of \$1 or \$5 billion?**



# INTERMEDIATE MATURITY FUND

- 1. Longer duration investment strategy available to political subdivisions with smaller fund balances.**
- 2. Fixed income focused. Similar risk profile as the PTIF.**
- 3. Not managed by the Treasurer (Treasurer's office preference).**
- 4. Institutional asset managers qualified by a set of requirements overseen by the Utah State Treasurer.**
- 5. Investments should be required to comply with the Utah Money Management Act.**

